

Office of Chief Counsel
Internal Revenue Service

memorandum

CC:NER:MAN:TL-N-2727-99

VJGuiliano

date:

to: District Director, Manhattan
Attn: Nicholas Marinelli, Case Manager

from: District Counsel, Manhattan

subject: [REDACTED] (UIL# 6532.02-04)

Taxable Years: [REDACTED], [REDACTED] and [REDACTED]

REQUEST FOR EXTENSION OF TIME TO FILE A REFUND SUIT

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This is in response to your request for our opinion on whether the District should agree to extend the period for the taxpayer to file a refund suit for foreign tax credits claimed with respect to net loans to the [REDACTED]. For the reasons set forth below, we recommend that the District not agree to extend the refund suit period.

Specifically, the taxpayer has requested that the District execute a Form 907 (Agreement to Extend the Time to Bring Suit) extending for two years until [REDACTED], the taxpayer's time to file a refund suit for the taxable years [REDACTED], [REDACTED] and [REDACTED]. According to the taxpayer, these refunds result from additional foreign tax credits, for the taxable years [REDACTED], [REDACTED], and [REDACTED] claimed with respect to net loans to the [REDACTED].

As you are aware, the exact issue of foreign tax credits based on net loans to the [REDACTED] was previously decided on a legal liability theory in the Service's favor by the

Tax Court in Riggs National Corporation & Subsidiaries v. Commissioner, 107 T.C. 301 (1996). On appeal, however, the District of Columbia Circuit Court of Appeals recently reversed the Tax Court's opinion and remanded the case to the Tax Court for determination of the payment and subsidy issues. Riggs National Corporation & Subsidiaries v. Commissioner, 163 F.3d 1363 (D.C. Cir. 1999).

, (b)(5)(AC), (b)(7)e



Should you have any questions regarding our recommendation, please contact the undersigned at (212) 264-1595 (X222). In addition, should you decide not to follow our recommendation, please notify the undersigned.

LINDA R. DETTERY
District Counsel

By: _____
VINCENT J. GUILIANO
Special Litigation Assistant

NOTED:

LINDA R. DETTERY
District Counsel

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